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W.R. GRACE TO PAY FOR CLEANUP OF

ASBESTOS CONTAMINATION IN LIBBY, MONTANA

WASHINGTON—W.R. Grace, a global supplier of specialty chemicals, has agreed to pay \$250 million, the highest sum in the history of the Superfund program, to reimburse the federal government for the costs of the investigation and cleanup of asbestos contamination in Libby, Mont., the Justice Department and Environmental Protection Agency (EPA) announced today.

The action settles a bankruptcy claim brought by the federal government to recover money for past and future costs of cleanup of contaminated schools, homes and businesses in Libby.

The EPA has been removing asbestos-contaminated soils and other materials in

and near Libby since May 2000. The federal government filed suit against W.R. Grace in March 2001 to recover its investigation and cleanup costs under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), commonly known as the "Superfund" law. The lawsuit also named Kootenai Development Corporation—a W.R. Grace subsidiary—as a defendant due to its ownership of three contaminated properties in Libby.

In 2003, the federal district court in Montana awarded EPA over \$54 million for cleanup costs incurred by EPA through Dec. 31, 2001. That award has not been paid due to W.R. Grace's bankruptcy. Today's settlement resolves the 2003 judgment as well as continuing cleanup costs EPA has incurred since Dec. 31, 2001 and will incur in the future. EPA will place the settlement proceeds into a special account within the Superfund that will be used to finance future cleanup work at the site.

W.R. Grace owned and operated a vermiculite mine and vermiculite processing facilities in and near Libby from 1963 to 1990. The vermiculite ore was contaminated with asbestos. Vermiculite and asbestos have been found in various locations in and around Libby.

Asbestos, a recognized human carcinogen, is known to cause lung cancer and mesothelioma, a lethal tumor of the lining of the chest and abdominal cavities. Exposure to asbestos can also cause asbestosis, a disease characterized by scarring of the lung.

W.R. Grace and 61 affiliated companies filed for bankruptcy in April 2001. In March 2003, EPA filed a bankruptcy claim against the company to recover past and future cleanup costs. W.R. Grace has corporate headquarters in Columbia, Md., and employees in nearly 40 countries. The company manufactures construction chemicals, building materials and chemical additives, among other things.

The settlement requires W.R. Grace to pay the \$250 million within 30 days of bankruptcy court approval. The settlement agreement will be lodged in the U.S. Bankruptcy Court for the District of Delaware and is subject to court approval after a 30-day public comment period. A copy of the settlement agreement is available on the Justice Department Web site at <http://www.usdoj.gov/enrd/Consent-Decrees.html>.

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